



PSC NEWS

Missouri Public Service Commission

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PSC Approves Tariff.....Expresses Concern Over What Appears To Be An Increased Use Of Surcharges

Jefferson City (July 27, 2004)---The Missouri Public Service Commission has approved a tariff filed by Teleconnect Long Distance Services and Systems Company, a MCI WorldCom Company d/b/a TelecomUSA which increases the Company's residential instate access recovery fee from a \$1.95 a month to \$2.95 a month. Long distance rates are classified as competitive in Missouri and prices are generally set by the competitive environment not by regulation.

At the same time, the Commission's order expressed concern over what appears to be an increasing use of surcharges by competitive telephone companies. "A surcharge has the effect of increasing the per-minute charge, and customers may not be immediately aware of that effect," the Commission stated in its decision. "Furthermore, customers may have difficulty evaluating competing companies' plans if some companies use surcharges and others do not."

The Commission continues work on a draft of proposed rules regarding separate line items on telephone bills. Under proposed rulemaking being drafted, if a telephone company seeks to place a charge as a line item on the monthly telephone bill that has not been mandated by the Missouri Public Service Commission, local, state or federal government or the Federal Communications Commission (FCC), that charge would not be allowed to appear on the telephone bill as a separate line item. That charge would have to be rolled into the rate a particular company asks the consumer to pay each month. In that way, consumers would have a clearer picture of the actual rate being charged.

The residential instate access recovery fee increase for TelecomUSA simply increases an already-approved charge. Monthly recurring charges and surcharges are common in the telecommunications industry and the Commission stated TelecomUSA should not be treated differently than other similarly situated telecommunications companies.

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Case No. XT-2004-0617